

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Wayland Area Emergency Medical Services	County Allegan
Fiscal Year End 2/28/07	Opinion Date August 27, 2007	Date Audit Report Submitted to State September 24, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

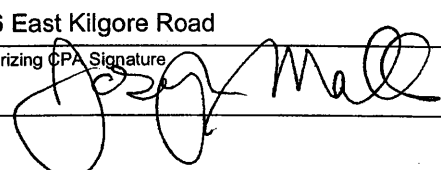
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	Not Considered Necessary	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 Letter	
Certified Public Accountant (Firm Name) Siegfried Crandall PC		Telephone Number (269)381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Zip 49002			
Authorizing CPA Signature 		Printed Name Joseph M Walls	
		License Number 1101013696	

*Wayland Area Emergency Medical Services
Allegan County, Michigan*

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Years ended February 28, 2007 and 2006

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
Wayland Area Emergency Medical Services**

We have audited the accompanying financial statements of the Wayland Area Emergency Medical Services (the Authority) as of February 28, 2007 and February 28, 2006 and for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wayland Area Emergency Medical Services as of February 28, 2007 and February 28, 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Authority has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

August 27, 2007

BASIC FINANCIAL STATEMENTS

Wayland Area Emergency Medical Services**STATEMENT OF NET ASSETS***February 28, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets:		
Cash	\$ 207,899	\$ 200,403
Receivables, net	106,831	127,727
Prepaid expense	<u>10,000</u>	<u>11,362</u>
Total current assets	324,730	339,492
Capital assets, net	<u>185,667</u>	<u>207,101</u>
Total assets	<u>510,397</u>	<u>546,593</u>
LIABILITIES		
Accounts payable	17,262	13,661
Accrued payroll and payroll taxes	<u>41,128</u>	<u>33,036</u>
Total liabilities	<u>58,390</u>	<u>46,697</u>
NET ASSETS		
Investment in capital assets	185,667	207,101
Unrestricted	<u>266,340</u>	<u>292,795</u>
	<u>\$ 452,007</u>	<u>\$ 499,896</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS***Years ended February 28, 2007 and 2006*

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Charges for services, net	\$ 570,047	\$ 562,662
Operating subsidies from member units	60,000	60,000
Memberships	16,832	22,162
Training fees	12,180	14,759
Contributions	5,486	7,901
Other	<u>10,675</u>	<u>9,561</u>
Total operating revenues	<u>675,220</u>	<u>677,045</u>
OPERATING EXPENSES:		
EMT payroll	385,347	345,170
Payroll taxes	33,157	32,698
Employee medical insurance	24,646	29,995
Employee subsidy	8,793	7,818
Public education	24,172	16,457
Professional services	50,923	53,016
Medical supplies and equipment	28,275	41,210
Vehicle operation and maintenance	51,932	87,230
Office expenses	12,412	11,559
Insurance	44,118	39,415
Radios and pagers	2,571	3,644
Other supplies and equipment	15,035	9,236
Utilities and telephone	14,624	16,540
Depreciation	21,434	32,844
Advertising and promotions	3,489	5,380
Other	<u>2,181</u>	<u>1,939</u>
Total operating expenses	<u>723,109</u>	<u>734,151</u>
OPERATING LOSS	(47,889)	(57,106)
NET ASSETS - BEGINNING	<u>499,896</u>	<u>557,002</u>
NET ASSETS - ENDING	<u>\$ 452,007</u>	<u>\$ 499,896</u>

See notes to financial statements

Wayland Area Emergency Medical Services**STATEMENT OF CASH FLOWS**

Years ended February 28, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 590,943	\$ 649,334
Receipts from member units	60,000	60,000
Receipts from others	45,173	17,462
Payments to suppliers	(311,365)	(369,586)
Payments to employees	<u>(377,255)</u>	<u>(352,420)</u>
Net cash provided by operating activities	<u>7,496</u>	<u>4,790</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(13,598)</u>
NET INCREASE (DECREASE) IN CASH	7,496	(8,808)
CASH - BEGINNING	<u>200,403</u>	<u>209,211</u>
CASH - ENDING	<u>\$ 207,899</u>	<u>\$ 200,403</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	\$ (47,889)	\$ (57,106)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	21,434	32,844
Decrease in:		
Accounts receivable	20,896	49,751
Prepaid expense	1,362	3,025
Increase (decrease) in:		
Accounts payable	3,601	(24,292)
Accrued payroll and payroll taxes	<u>8,092</u>	<u>568</u>
Net cash provided by operating activities	<u>\$ 7,496</u>	<u>\$ 4,790</u>

See notes to financial statements

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wayland Area Emergency Medical Services (the Authority) was established June 26, 1999, to jointly provide emergency medical services within the member municipalities in Allegan and Barry counties, Michigan. The Authority is comprised of ten units of government in Allegan and Barry counties. The Authority began operations as a government entity on October 1, 2002. The Authority replaces a predecessor not-for-profit corporation.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of an enterprise fund. This fund is used to account for operations; (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements are reflected on the accrual basis of accounting. Its revenues are recognized when they are earned and its expenses are recognized when they are incurred. Unbilled receivables of the Authority are recorded at year end. The Authority has elected to follow 1) all GASB pronouncements and 2) Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Charges for services:

Charges for services represent the estimated net realizable amounts from individuals, third-party payers, and others for services rendered. The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include discounted charges. The Authority's ability to collect the amounts due (other than amounts due from third-party arrangements) is affected by the Authority's ongoing evaluation of its clients' credit worthiness.

e) Capital assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against its operations. Accumulated depreciation is reported on the Authority's statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 - 10 years
Vehicles	6 years

f) Compensated absences (vacation, sick, and compensatory leave):

The amount attributed to the Authority is charged to expenses and a corresponding liability. Subject to carry-over limits, employees receive one-half of unused sick leave and vacation pay annually, and one-half of unused compensatory time monthly.

NOTE 2 - CASH:

State statutes and the Authority's investment policy authorize the Authority to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Authority's deposits are in accordance with statutory authority. At February 28, 2007, the Authority had deposits with a carrying amount of \$207,899. At February 28, 2006, the Authority has deposits with a carrying amount of \$200,403.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Authority will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At February 28, 2007, \$84,889 of the Authority's bank balances of \$215,904 was exposed to custodial credit risk because it was uninsured and uncollateralized. At February 28, 2006, \$18,630 of the Authority's bank balances of \$210,276 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - CASH (continued)

The Authority believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 3 - CAPITAL ASSETS:

Capital asset activity for the year ended February 28, 2007, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>378,505</u>	<u>-</u>	<u>-</u>	<u>378,505</u>
Subtotal	<u>578,505</u>	<u>-</u>	<u>-</u>	<u>578,505</u>
Less accumulated depreciation for:				
Buildings	(81,750)	(4,500)	-	(86,250)
Equipment and vehicles	<u>(289,654)</u>	<u>(16,934)</u>	<u>-</u>	<u>(306,588)</u>
Subtotal	<u>(371,404)</u>	<u>(21,434)</u>	<u>-</u>	<u>(392,838)</u>
Capital assets, net	<u>\$ 207,101</u>	<u>\$ (21,434)</u>	<u>\$ -</u>	<u>\$ 185,667</u>

Capital asset activity for the year ended February 28, 2006, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Buildings	\$ 200,000	\$ -	\$ -	\$ 200,000
Equipment and vehicles	<u>364,907</u>	<u>13,598</u>	<u>-</u>	<u>378,505</u>
Subtotal	<u>564,907</u>	<u>13,598</u>	<u>-</u>	<u>578,505</u>
Less accumulated depreciation for:				
Buildings	(77,250)	(4,500)	-	(81,750)
Equipment and vehicles	<u>(261,310)</u>	<u>(28,344)</u>	<u>-</u>	<u>(289,654)</u>
Subtotal	<u>(338,560)</u>	<u>(32,844)</u>	<u>-</u>	<u>(371,404)</u>
Capital assets, net	<u>\$ 226,347</u>	<u>\$ (19,246)</u>	<u>\$ -</u>	<u>\$ 207,101</u>

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CLAIMS ARISING FROM RISKS OF LOSS:

The Authority is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

The Authority is self-insured for any liability associated with its underground fuel storage tanks and has pledged the assets owned by the Authority in conjunction with the self-insurance certification.

**Members of the Board of Trustees
Wayland Area Emergency Medical Service**

In planning and performing our audit of the financial statements of the Wayland Area Emergency Medical Service as of and for the year ended February 28, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Wayland Area Emergency Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Authority does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to reconcile and adjust service revenue and associated receivable, changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of the Board of Trustees of the Wayland Area Emergency Medical Service and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

August 27, 2007